GAMBLING COMMISSION

PUBLIC POLICY EXCHANGE SPEECH

20 February 2014

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Good morning everyone. My name is Matthew Hill and I am a Director at the Gambling Commission, the body responsible for regulating most commercial gambling in Great Britain, including the National Lottery. We do this in partnership with many other organisations, most importantly local authorities who have the job of managing local gambling provision.

I'm particularly grateful for the opportunity to take part in the debate today because it comes at what I think is a pivotal moment for gambling and gambling regulation, not only here in Britain but across the globe. There is a change in the wind, I think, in the way people are thinking about gambling regulation in very many jurisdictions across the world. I'm going to spend most of this short talk setting out some ideas about that change, which I hope will help stimulate the debate on the panel sessions a bit later on. In doing so I'm going to say why I think it is important to get a much better understanding of how and why people gamble and – critically – why some people gamble safely and others come unstuck, sometimes seriously and with very sad consequences, as Etta has described.

But let's start with a quick recap of where gambling fits in to the current public policy framework. The two most important concepts to bear in mind for the purposes of today's discussions are as follows:

- First, since the late 1990s gambling has been positioned by successive Governments as a mainstream, mainly adult, leisure activity

- Second, while most people who gamble do so safely most of the time, gambling causes harm, sometimes serious harm. And one does not have to be a gambling addict to experience harm

- Third – and this is a point that is often lost in discussions like this – gambling is *fun*. People who gamble do so generally because they enjoy it. They make an adult choice to gamble because they want to. And in an open and free society like ours, that is a decision they are perfectly entitled to make, provided doing so does not harm themselves or others.

[To paraphrase David Forrest of the University of Salford, gambling benefits a lot of people a little and harms a few people a lot.]

These concepts reflect societal attitudes to gambling – where just over half of us tend to disapprove of gambling but well over half of us think that adults should be free to make adult choices. They are also reflected in our system of gambling regulation: for example, the very first section of the Gambling Act requires regulators to “aim to permit gambling” subject to reasonable consistency with the three licensing objectives of keeping crime out of gambling, keeping it fair and open and protecting children and vulnerable people.

Anyway that’s the philosophy and I would like to develop it a bit further today, and link it to the notion of sustainable development and growth in the gambling industry, and hopefully then return to the main question of why it is important to understand gamblers and how they behave.

So we have gambling positioned as a mainstream leisure activity. And we have a collective, if slight, disapproval of gambling as a society. We know it causes harm. But we also know that it causes fun. There are certainly tensions arising from these positions. How should we reconcile it? Is it even capable of reconciliation?

Historically, gambling harm has been managed by prohibition (largely based on profoundly held moral objections) or through control systems that seek to reduce harm by limiting the amount of gambling – the so called “total consumption model”. The main problem with such systems is that they tend to hit normal leisure gamblers much harder than problem gamblers or those at risk. And it builds in from the outset an assumption that a successful, that is to say growing gambling industry must be intrinsically bad.

Such a model is likely to be incompatible with a policy framework in which gambling is positioned, as I said earlier, as a mainstream leisure activity. This often causes tension on the part of policy makers and the public more widely. If gambling really sat comfortably as a mainstream leisure activity – like going to the gym or cinema – I would argue that we would not be as concerned about issues like betting shop clustering or increases in TV advertising.

So the total consumption model doesn’t help us much in managing gambling harm, because it fails in many cases to provide the protection that problem gamblers need; it constrains, limits or reduces gambling fun; and it gets in the way of growth. So what’s the alternative?

We believe that the way to make gambling regulation work is to shift the focus of the regulation away from the sort of blanket controls that underpin current gambling legislation – like limits on machine stakes and prizes and machine numbers – and tailoring it much more closely to individual gamblers. The idea is that you bear down hard on gambling-related harm, providing the help and the interventions for the people who really need it, while leaving normal safe gambling as untouched as possible and providing space for the industry to innovate and, yes, grow. That doesn’t mean that it is realistic to expect that all product-based controls might be replaced by customer-focused ones – we are likely still to need some forms of product-based controls on harder gambling products in order to adequately protect the young and inexperienced.

Sounds easy. So what’s stopping us having a system of regulation that really makes an impact on gambling harm, while improving the leisure experience of the majority who gamble safely and is compatible with growth?

I would say there are three main issues for consideration:

- The first is anonymity. Most land-based gambling in this country is anonymous. This makes it much harder to distinguish between customers experiencing or at risk of harm and those who are not, and therefore much harder to intervene. This is a point that many in the industry are beginning to recognise in designing systems to combat, for example, the risk of money laundering, but it is fair to say that it is road that has much distance to be travelled. However, making progress down that road may be easier in a society where loyalty cards are a already a fact of life, where people are becoming more and more comfortable in having an account-based relationship with the suppliers of goods and services, particularly online, and where the use of smartphones and other technologies to pay is already with us, possibly signalling the longer terms decline of cash as a payment method. Indeed, for those gambling online, anonymity is already a thing of the past.

- The second issue is technology, or rather the deployment of technology to help understand and flag those gamblers who might be experiencing harm. To take the large amounts of data that can now be collected particularly in relation to online or machine play (and with the increasing prevalence of server-based machines there is not much difference between them), analyse it to look for patterns that might indicate an individual is at risk of harming themselves, and intervening effectively to head off that harm. And as well as intervening to prevent harm, there is real scope to use data to provide gamblers with feedback on their gambling, to enable them to better manage their own gambling behaviour.

  That is why it is so important to understand gamblers and gambling related harm, the subject of today's conference. Again, there are grounds for optimism – some of the leading online operators are investing heavily in data analysis and that is starting, we think, to spin off into terrestrial gambling, particularly machine gambling.

- The final, and probably the most important issue, is the industry itself coming to terms with its responsibility to identify and manage the harm that its products can cause. The future sustainability of the business model may well depend on its ability to do so.

  Let me put that another way. Society is much more likely to support a successful and growing gambling industry where that success comes on the back of good money and not bad. By good money I mean money coming from people who are choosing to spend what they can afford to pay, from legitimate sources, for gambling as a leisure activity. By bad money I mean money that is coming from people who cannot control their gambling and are therefore not exercising choice, or money derived from criminal sources or the grey, cash-based economy.

This is of course another reason why it is so important to understand gamblers and gambling harm. The two key questions for the industry, in my view, are

- One, “how much of my profit is coming from people who cannot control their gambling, or are otherwise experiencing harm?”

- And two, “what am I going to do in my business to make sure I don’t take that kind of money?”

Again, there are very encouraging signs that these are questions that the leading businesses in the gambling sector are now beginning to grapple with, even if the answers still need more thought. The matters we are discussing and debating today ought to help find those answers.

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